



BRP REPORTS FISCAL YEAR 2016 THIRD-QUARTER RESULTS

December 11, 2015

BRP reports fiscal year 2016 third-quarter results



BRP's Can-Am Defender utility side-by-side vehicle was launched September 18, 2015. © BRP 2015

Highlights:

- Revenues of \$1,010.2 million, a 10.0% increase compared to the third quarter of FY2015;
- Normalized EBITDA^[1] of \$141.5, a 5.5% increase compared to the same period last year;
- Net income of \$65.5 million, an increase of \$28.3 million compared to the same period last year;
- Normalized net income^[1] of \$72.8 million resulting in a normalized diluted earnings per share^[1] of \$0.62; and
- Launch of the Can-Am Defender side-by-side vehicle in the largest segment of the off-road vehicle market.

[1] See "Non-IFRS Measures" section.

VALCOURT, QC, Dec. 11, 2015 /CNW Telbec/ - BRP Inc. (TSX: DOO) today reported its financial results for the three- and nine-month periods ended October 31, 2015. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at www.sedar.com.

"Thanks to our geographic, manufacturing and product diversification and our solid execution, we delivered strong results for the third quarter," said José Boisjoli, president and CEO. "During the quarter, we entered the largest segment of the side-by-side industry by launching the Can-Am Defender utility model and it has received very positive reviews by media and dealers alike. On the ATV and PWC side, our products performed well by registering continued market share gains."

In closing, Boisjoli added: "While considering the volatile economic situation in many regions, I am pleased with how we have progressed so far this year. We have delivered on our plan and we continue to gain momentum with our network worldwide. I remain confident that we will reach our objectives for FY2016."

Highlights for the Three- and Nine-Month Periods Ended October 31, 2015

Revenues increased by \$92.2 million, or 10.0%, to reach \$1,010.2 million for the three-month period ended October 31, 2015, compared with \$918.0 million for the corresponding period ended October 31, 2014. The revenue increase was primarily due to a favourable foreign exchange rate variation of \$75 million mainly related to the strengthening of the U.S. dollar against the Canadian dollar.

Revenues increased by \$263.8 million, or 10.7%, to reach \$2,720.4 million for the nine-month period ended October 31, 2015, compared with \$2,456.6 million for the corresponding period ended October 31, 2014. The revenue increase was mainly due to higher wholesale in Seasonal Products and PAC. The increase includes a favourable foreign exchange rate variation of \$156 million mainly due to the strengthening of the U.S. dollar against the Canadian dollar, partially offset by the strengthening of the Canadian dollar against the euro.

Net Income data

(in millions of Canadian dollars)	Three-month periods ended		Nine-month periods ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Revenues by category				
Year-Round Products	\$ 260.1	\$ 227.5	\$ 956.6	\$ 890.3
Seasonal Products	476.0	452.9	1,010.6	897.3
Propulsion Systems	98.5	83.3	296.4	265.0
PAC	175.6	154.3	456.8	404.0
Total Revenues	1,010.2	918.0	2,720.4	2,456.6
Cost of sales	764.2	678.4	2,092.1	1,900.7
Gross profit	246.0	239.6	628.3	555.9
<i>As a percentage of revenues</i>	24.4%	26.1%	23.1%	22.6%
Operating expenses				
Selling and marketing	64.0	54.3	202.4	187.6
Research and development	38.3	41.3	116.8	119.2
General and administrative	32.8	37.5	100.8	109.5
Other operating expenses	7.0	7.8	18.3	8.9
Total operating expenses	142.1	140.9	438.3	425.2
Operating income	103.9	98.7	190.0	130.7
Net financing costs	14.2	14.4	43.0	42.3
Foreign exchange loss on long-term debt	2.8	29.8	28.4	12.4
Income before income taxes	86.9	54.5	118.6	76.0
Income taxes expense	21.4	17.3	38.3	14.4
Net income	\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.6

Attributable to shareholders	\$ 65.5	\$ 37.2	\$ 80.3	\$ 61.7
Attributable to non-controlling interest	—	—	—	(0.1)
Normalized EBITDA [1]	\$ 141.5	\$ 134.1	\$ 286.1	\$ 222.0
Normalized net income [1]	72.8	71.9	114.0	79.7
Earnings per share - basic	\$ 0.56	\$ 0.31	\$ 0.68	\$ 0.52
Earnings per share - diluted	0.56	0.31	0.68	0.52
Normalized earnings per share – basic [1]	0.62	0.61	0.97	0.67
Normalized earnings per share – diluted [1]	0.62	0.60	0.96	0.67

[1]See "Non-IFRS Measures" section.

QUARTERLY REVIEW BY CATEGORIES

Year-Round Products

Revenues from Year-Round Products increased by \$32.6 million, or 14.3%, to reach \$260.1 million for the three-month period ended October 31, 2015, compared with \$227.5 million for the corresponding period ended October 31, 2014. The increase resulted from a favourable product mix of SSV and ATV sold and a favourable foreign exchange rate variation of \$24 million.

Seasonal Products

Revenues from Seasonal Products increased by \$23.1 million, or 5.1%, to reach \$476.0 million for the three-month period ended October 31, 2015, compared with \$452.9 million for the corresponding period ended October 31, 2014. The increase resulted primarily from a favourable foreign exchange rate variation of \$28 million, partially offset by a lower volume of snowmobiles sold due to lower deliveries in Russia as a result of the continuing economic slowdown experienced in this country.

Propulsion Systems

Revenues from Propulsion Systems increased by \$15.2 million, or 18.2%, to reach \$98.5 million for the three-month period ended October 31, 2015, compared with \$83.3 million for the corresponding period ended October 31, 2014. The increase in revenues was attributable to a favourable mix of outboard engines sold with the introduction of the Evinrude E-TEC G2 engine, and a favourable foreign exchange rate variation of \$9 million.

PAC (Parts, Accessories, Clothing and other services)

Revenues from PAC increased by \$21.3 million, or 13.8%, to reach \$175.6 million for the three-month period ended October 31, 2015, compared with \$154.3 million for the corresponding period ended October 31, 2014. The increase was attributable to a higher volume of outboard engines PAC with the introduction of the Evinrude E-TEC G2 engine, and a favourable foreign exchange rate variation of \$14 million.

Gross profit increased by \$6.4 million, or 2.7%, to reach \$246.0 million for the three-month period ended October 31, 2015, compared with \$239.6 million for the corresponding period ended October 31, 2014. The gross profit increase includes an unfavourable foreign exchange rate variation of \$5 million. Gross profit margin percentage decreased by 170 basis points to 24.4% from 26.1% for the three-month period ended October 31, 2014. The decrease in gross profit margin percentage was primarily due to the unfavourable foreign exchange variation, partially offset by a favourable mix and, to a lesser extent, by general price increases.

Operating expenses increased by \$1.2 million, or 0.9%, to \$142.1 million for the three-month period ended October 31, 2015, compared with \$140.9 million for the three-month period ended October 31, 2014. This increase was mainly due to an unfavourable foreign exchange impact of \$3 million.

Normalized net income^[1] stood at \$72.8 million, an increase of \$0.9 million, which resulted in a normalized diluted earnings per share ^[1] of \$0.62, an increase of \$0.02 per share.

Fiscal Year 2016 Guidance

BRP's financial guidance targets presented on September 11, 2015 are adjusted as follows:

Financial Metric	FY16 Guidance vs FY15 Results
Revenues	
Year-Round Products	Up 8% to 10% (narrowed from up 7% to 11%)
Seasonal Products	Flat to up 4%
Propulsion Systems	Up 7% to 10%
PAC	Up 12% to 15% (low-end increased from up 10% to 15%)
Total Company Revenues	Up 6% to 9% (low-end increased from up 5% to 9%)
Normalized EBITDA ^[1]	Up 6% to 10%
Effective Tax Rate ^[2]	27% - 28% (high-end decreased from 27% to 29%) Up from a normalized income tax rate of 22.0% in FY15
Normalized Net Income ^{[1][3]}	Down 3% to Up 4% (low-end increased from down 5% to up 4%) Up 5% to 11% adjusting FY15 using FY16 estimated tax rates
Normalized Earnings per Share – Diluted ^[1]	\$1.60 to \$1.72 (increased from \$1.55 to \$1.70)
Capital Expenditures	\$200M to \$220M

[1]See "Non-IFRS Measures" section.

[2]Effective tax rate based on Normalized Earnings before Normalized Income Tax.

[3]Assuming a depreciation expense of \$125M compared to \$113M in FY15.

The above targets are based on a number of economic and market assumptions the Company has made in preparing its Fiscal Year 2016 financial guidance, including assumptions regarding the performance of the economies in which it operates, foreign exchange currency fluctuations, market competition and tax laws applicable to its operations. The Company cautions that the assumptions used to prepare the forecasts for Fiscal Year 2016, although reasonable at the time they were made, may prove to be incorrect or inaccurate. In addition, the above forecasts do not reflect the potential impact of any non-recurring or other special items or of any new material commercial agreements, dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after December 10, 2015. The financial impact of such transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Accordingly, our actual results could differ materially from our expectations as set forth in this news release. The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and should be read in conjunction with the "Caution Concerning Forward-Looking Statements" section.

Conference Call and Webcast Presentation

Today at 9 a.m. (EST), BRP Inc. will host a conference call and webcast to discuss BRP's FY2016 third-quarter results released this morning. The call will be hosted by José Boisjoli, president and CEO, and Sébastien Martel, CFO. A slide presentation and link to the audio webcast will be posted in the [Event Calendar](#) section.

To listen to the conference call by phone, for the English integral version (event number 4228032), please dial 514-861-1681 or 800-766-6630 (toll-free in North America). For the French version (event number 4228034), please dial 514-392-1478 or 866-225-0198 (toll-free in North America). [Click here for international dial-in numbers.](#)

A replay of the conference call will be available two hours after the call for 30 days following the original broadcast.

To listen to an instant replay of the call, please dial 514-861-2272 or 800-408-3053. For the English integral version, please enter the pass code 8754491. For the French translation, enter 1224679.

About BRP

BRP (TSX:DOO) is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems. Its portfolio includes Ski-Doo and Lynx snowmobiles, Sea-Doo watercraft, Can-Am all-terrain and side-by-side vehicles, Can-Am Spyder roadsters, Evinrude and Rotax marine propulsion systems as well as Rotax engines for karts, motorcycles and recreational aircraft. BRP supports its line of products with a dedicated parts, accessories and clothing business. With annual sales of over CA\$3.5 billion from 107 countries, the Company employs approximately 7,600 people worldwide.

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this release, including, but not limited to, statements relating to our Fiscal Year 2016 financial outlook (including revenues, gross profit margin, operating expenses, Normalized EBITDA, Effective Tax Rate, Normalized net income and Normalized earnings per share), and other statements that are not historical facts, are "forward-looking statements" within the meaning of Canadian securities laws. Forward-looking statements are typically identified by the use of terminology such as "may", "will", "would", "should", "could", "expects", "forecasts", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "outlook", "predicts", "projects", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases. Forward looking statements, by their very nature, involve inherent risks and uncertainties and are based on several assumptions, both general and specific. BRP cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of the Company or the power sports industry to be materially different from the outlook or any future results or performance implied by such statements. Key assumptions used in determining forward-looking information are set forth below.

KEY ASSUMPTIONS

The Company made a number of economic and market assumptions in preparing its Fiscal Year 2016 financial guidance, including assumptions regarding the performance of the economies in which it operates, market competition, tax laws applicable to its operations and foreign exchange currency fluctuation. In addition, many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following: impact of adverse economic conditions on consumer spending; decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; the Company's ability to comply with product safety, health, environmental and noise pollution laws; dependence on dealers, distributors, suppliers, financing sources and other strategic partners who may be sensitive to economic conditions; large fixed cost base; inability of dealers and distributors to secure adequate access to capital; supply problems, termination or interruption of supply arrangements or increases in the cost of materials; restrictive covenants in the Company's financing and other material agreements; competition in product lines; loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; adverse determination in any significant product liability claim against the Company; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors to manage the retail distribution of products; dependence on customer relationships for the sale of original equipment manufacturer products; unsuccessful management of inventory; risks associated with international operations; inability to enhance existing products and develop and market new products; protection of intellectual property; failure of information technology systems; declining prices for used versions of products and oversupply by competitors; unsuccessful execution of manufacturing strategy; changes in tax laws and unanticipated tax liabilities; higher fuel costs; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; public company expenses; conduct of business through subsidiaries; and significant influence by our principal shareholders holding multiple voting shares.

BRP undertakes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable Canadian securities laws. In the event that BRP does update any forward-looking statement, no inference should be made that BRP will make additional updates with respect to that statement, related matters, or any other forward-looking statement.

NON-IFRS MEASURES

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including Normalized EBITDA, Normalized Net Income, Normalized basic earnings per share and Normalized diluted earnings per share to provide investors with supplemental measures of the Company's operating performance. The Company believes non-IFRS measures are important supplemental measures of operating performance because they eliminate items that have less bearing on the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements. Because

other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies.

Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense (recovery), depreciation expense and normalized elements. Normalized Net Income is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. Normalized income taxes expense is defined as income taxes expense adjusted to reflect the tax effect on normalized elements. Normalized earnings per share - basic and normalized earnings per share – diluted are calculated respectively by dividing the normalized net income by the weighted average number of shares – basic and the weighted average number of shares – diluted. The Company refers the reader to the "Selected Consolidated Financial Information" section of the MD&A for the reconciliations of Normalized EBITDA and Normalized Net Income presented by the Company to the most directly comparable IFRS measure.

[1] See "Non-IFRS Measures" section.

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